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SECURITY INFORMATION

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GENERAL

1. British see remaining Korean differences relatively inconsequential:



The British Foreign Office considers that the principal objective in the Korean truce negotiations must be to reach an armistice quickly. In relation to this aim the details of present 3.5(h)(2)

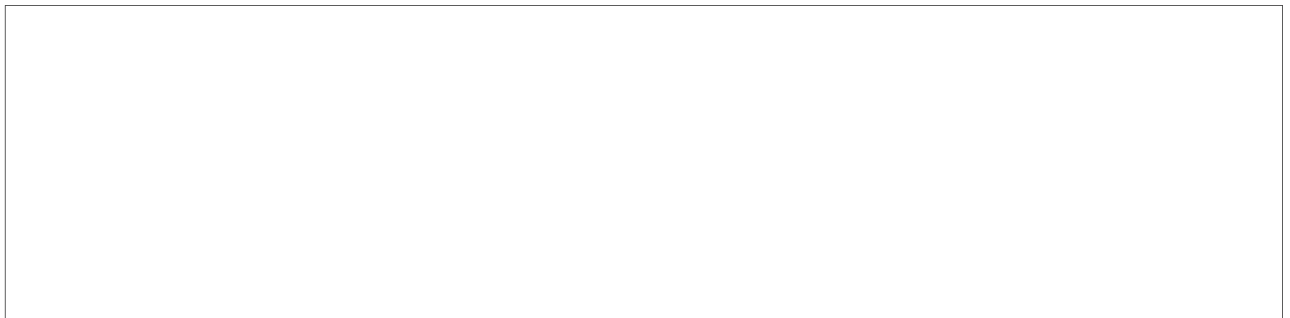
Communist and UN differences are of little importance. The government's attitude is that the ultimate disposition of prisoners of war is of "little world consequence," as long as the principle of non-forcible repatriation is maintained.

Prime Minister Churchill is now taking a close personal interest in the armistice negotiations.

The American Embassy in London believes the British desire for an early armistice in Korea is largely due to Churchill's desire to keep "relatively unimportant questions" from hindering the arrangement of a personal meeting with Malenkov.

SOVIET UNION

2. USSR shipping grains to alleviate East German shortage:



Comment: This is the first evidence that the Soviet Union is providing special assistance through increased grain shipments to alleviate the fodder shortages in any of the East European Satellites. Because of its moderately good grain harvest in 1952 the USSR is believed able to give such assistance while at the same time increasing domestic reserves and maintaining its 1952 level of exports to the West.

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SOUTHEAST ASIA**3. Maintenance of Viet Minh effort in Laos is indicated:**

[redacted] the Viet
Minh may be continuing to ship military sup-
plies to Laos. [redacted]

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Comment: A likely destination for these arms is the Xieng Quang area in eastern Laos, where elements of the Viet Minh 304th Division have been reported digging in around French defenses. Minister Letourneau recently stated that the principal effort of the French command over the next "weeks and months" must be to prevent consolidation of the Viet Minh hold over the areas recently occupied.

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NEAR EAST - AFRICA**4. Britain warns subjects to leave Egypt:**

The British ambassador in Cairo has warned 3.3(h)(2)
all British subjects to leave Egypt, making
clear that those who remain do so on their
own responsibility. No change, however, has

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No reinforcements of the Suez base are presently contemplated beyond the approximately 2,000 commandos who left Malta on 12 May.

Comment: During the previous Anglo-Egyptian clashes Britain had refrained from issuing such a warning to its nationals in Egypt. Despite British plans to remain in the Suez Canal zone, London has evidently become dubious of its ability to exercise sufficient military control in the delta area to effect the evacuation of the 27,000 British civilians estimated to be in Egypt.

WESTERN EUROPE

5. Adenauer-Mayer talks on Saar appear unproductive:



After two of his scheduled three talks with French Premier Mayer and Foreign Minister Bidault, Chancellor Adenauer told Ambassador Draper that they showed no willingness to

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compromise on the Saar issue despite taking what he considered an encouraging attitude on EDC as a whole.

Comment: Adenauer had indicated earlier in the spring that talks with Mayer were his chief hope for reaching an understanding on the Saar issue. Mayer had made such an understanding a prerequisite for French EDC ratification.

Domestic political considerations in West Germany will probably prevent any significant new attempt at a Saar settlement until after the September German elections.

6. French Foreign Affairs Committee strongly influenced by Churchill's speech:

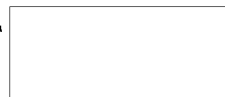


Foreign Affairs Committee chairman Edgar Faure told American officials in Paris that Churchill's speech had completely changed

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his group's attitude toward four-power talks and made outright rejection impossible. He made this statement by way of comment on the French National Assembly's motion of 13 May urging the government to present a concrete proposal for four-power talks at the earliest possible date.

According to Faure, the motion was designed to prevent Foreign Minister Bidault or anyone else from precipitating negotiations without adequate preparation. It represents a compromise between committee members unconditionally favoring four-power talks and others who, while not opposing them, wish to see maximum safeguards established.

Comment: The French Foreign Ministry is reported to consider Churchill's speech untimely in view of indications at Panmunjom and elsewhere that Soviet policy is substantially unchanged.

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